

#14



SAMUEL T. BISCOE
COUNTY JUDGE

TRAVIS COUNTY ADMINISTRATION BUILDING
P.O. BOX 1748 ROOM 520
AUSTIN, TEXAS 78767
(512) 854-9555

HAND-DELIVERED

June 15, 2007

Hon Will Wynn, Mayor
City of Austin
301 West 2nd Street, 2nd Floor
Austin, TX 78701

**Re: Travis County HFC Single Family Bond Program
Proposed July 2007 \$17.5 MM**

Dear Mayor Wynn

This is a follow-up to my previous letter of April 24, 2007. Travis County respectfully requests that Austin partner with us again on our proposed Series 2007A bond program (\$17.5MM).

Last year, the City of Austin partnered with the Travis County Housing Finance Corporation ("TCHFC") for our Series 2006A single family bond program. The 2006A program was a stellar success with over 100 qualifying low and moderate income families in our community purchasing their first home. Approximately 62% of these families reside within the Austin City limits.

The TCHFC 2007A program promises to be as successful, as eight Austin lenders have already submitted written offers and commitment fees for \$17.5MM in allocation requests. These lenders have indicated that they will not be able to participate in the program if they are unable to make loans within the City limits when the program starts. In other words, we will not have a 2007A program absent City cooperation. This program will be incredibly beneficial to working low to moderate income families because it offers home ownership at below-market interest and includes a 4% down payment assistance.

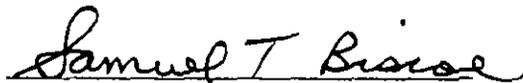
As in the 2006A program, the only requirement is for the City Council to pass a resolution allowing 2007A program loans to be made in the City. A copy of the resolution that the Council passed for the 2006A program is attached for your convenience.

Mayor Wynn
Page Two
June 15, 2007

I will phone you next Wednesday, June 20, to discuss this matter further. We hope to obtain a preliminary positive response from the city by next Friday, June 22. The deadline for Council consideration of the resolution is Thursday, July 12, in order for us to meet state requirements.

I look forward to visiting with you next Wednesday. Thank you for your prompt consideration of this important request.

Sincerely,



Samuel T. Biscoe
Travis County Judge

cc Paul Hilgers, Austin Housing Finance Corporation
Harvey Davis, Travis County Housing Finance Corporation

TCHFC 2006A PROGRAM INFORMATION

By way of background, the prior \$15MM 2006A program closed 4/4/06, and over 80% of the funds were committed within the first four months. Homebuyers in Austin and Travis County received a below-market 5.95% 30-year, fixed rate mortgage loan, along with a 4% grant from TCHFC for down payment and closing costs (DPA). Over 100 families received their homes, 62% in the City of Austin.

TCHFC 2007A PROGRAM INFORMATION

- (i) TCHFC pays all of the costs of the program, and provides the 4% DPA grants,
- (ii) because we plan to use "recycled proceeds" from the TCHFC Series 2001-1 Note program, TCHFC's lending in the City under the 2007A program will not affect the place in line of the Austin Housing Finance Corporation (AHFC) for new State volume cap, and
- (iii) because the 2007A program will be a DPA grant program, it will serve a different market and therefore should not compete with AHFC's current mortgage credit certificate (MCC) program. This is because a bond program provides a below market mortgage rate with a DPA grant, whereas an MCC program provides a market rate loan without DPA but allows the homebuyer to take an annual federal income tax credit. Moreover, Austin home buyers benefit by having the opportunity to access either a TCHFC bond program or an AHFC MCC program.